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Wilkas

Contact: 97-26
Jay Ziegler
Kirsten Powers
Christine

(202) 395-3230

USTR RELEASES 1997 INVENTORY OF FOREIGN TRADE BARRIERS

The Office of the U.S. Trade Representative released today the twelfth annual U.S. report on foreign trade barriers. *The 1997 National Trade Estimate Report on Foreign Trade Barriers* (NTE) lists a wide range of foreign trade barriers that restrict U.S. exports as well as those of other nations.

The NTE report plays a crucial role in President Clinton's trade policy. The President said in the 1997 State of the Union address, "The American people must prosper in the global economy. We've worked hard to tear down trade barriers abroad so that we can create jobs at home." Using the NTE as a vital source of information, the Administration has identified barriers to U.S. exports, negotiated agreements to reduce them, and diligently monitored and enforced those agreements, as well as our trade laws.

U.S. Trade Representative Charlene Barshefsky said, "We can not afford to retreat. Increasingly, we see new trade alliances in Asia and our own hemisphere forming around us rather than with us. These alliances have the potential to reduce U.S. export opportunities. At the same time, we will not allow our trading partners to take advantage of our open market while maintaining closed markets at home. We have relentlessly pursued an agenda of opening foreign markets, and breaking down foreign market barriers -- multilaterally, regionally and bilaterally."

The NTE report lists all significant trade barriers, whether or not they are consistent with international trade rules. Examples of major remaining barriers include policies restricting the import of goods and services, export subsidies, deficiencies in intellectual property protection, and investment barriers. Many such barriers are inconsistent with trade agreement obligations, including those under the World Trade Organization (WTO) agreements. In response, the U.S. has vigorously enforced our trade laws and agreements using every tool possible and making it clear that our trade agreements will be enforced. In the past four years, USTR has brought 48 trade enforcement actions. The U.S. has utilized the WTO dispute settlement procedures more than any other WTO member, filing 23 cases to enforce U.S. rights -- 15 of which were filed last year alone.

The Clinton Administration has negotiated over 200 trade agreements, all designed to advance our economic and trade interests. These negotiations and enforcement actions have resulted in significant progress in many areas of the world. Indeed, this year's NTE once again notes many examples where our trade partners have reduced or eliminated trade barriers described in previous years.

A key area addressed in the NTE is trade barriers to U.S. agricultural products -- the United States' leading export. "We have successfully opened foreign markets to U.S. agricultural products throughout the world," said Barshefsky. "In 1995, the U.S. set a historical record by exporting \$54.6 billion worth of agricultural goods; in 1996 agricultural exports did even better by climbing to \$59.8 billion, another new record. This represents a 40.4 percent increase in agricultural exports since 1992. Specifically, citrus exports are now entering Thailand, Brazil and Mexico, and U.S. apples are now being sold in Japan. U.S. pork exports have increased 60 percent globally, and last year beef and veal exports to Mexico alone jumped nearly 80 percent. These recent achievements are good news. But persistent barriers exist that must be removed to guarantee U.S. agricultural exports full and fair access to foreign markets."

This year's report provides a detailed account of trade barriers in **Japan**. The Clinton Administration has reached 24 agreements with Japan since 1992, increasing U.S. exports to Japan by 43%. But problems remain, from copyright protection of software to barriers to photographic film to government procurement practices. "Despite recent progress with procurement among some Japanese government agencies, I am particularly concerned that the results U.S. companies have achieved with NTT compared with the private Japanese telecommunications sector suggests that NTT is still captive to its monopoly legacy and not fully responsive to market principles," said Ambassador Barshefsky. "NTT's favoring of its 'family companies' for the bulk of its telecommunications equipment, its tendency to over-engineer and under-document specifications, and its allocation of supplier market share for products based on non-transparent criteria raise costs to NTT and its customers and pose significant market access barriers."

China is another critically important country where the United States has led the battle in setting tougher standards for trade, but where significant barriers remain. Since 1992, the United States has successfully negotiated landmark agreements with China that have resulted in increased market access in a range of areas including intellectual property and textiles. However, China's market is far from being sufficiently open to U.S. exports. Ambassador Barshefsky said, "China's growing economic strength, coupled with its focus on boosting competitiveness in certain export-oriented industries, requires continued vigilance by the Administration to ensure China's policies and practices are consistent with existing bilateral agreements and are in line with international rules."

The **European Union** continues to maintain barriers to U.S. exports in many key areas through its import policies, government procurement practices and widely differing standards, testing and certification procedures. "I am particularly concerned by the EU's pervasive discrimination against U.S. agricultural exports -- including rice, wheat, wheat flour, beef, dairy products, and

certain fruit,” said Barshefsky. “We have been working aggressively on all these issues to ensure the EU’s full compliance with its international commitments to provide fair access to U.S. agricultural products.”

The NTE report is directly related to the implementation of two other U.S. trade laws. Under the “Special 301” provision, thirty days after the release of the NTE report, the USTR must identify those countries that deny adequate and effective protection for intellectual property rights or deny fair and equitable market access for persons that rely on intellectual property protection. In addition, under the “Super 301” executive order, within six months of the submission of the NTE report the USTR is to review U.S. trade expansion priorities, and identify those priority foreign country practices, the elimination of which is likely to have the most significant potential to increase U.S. exports. No country was dropped from this year’s report, but the following four countries were added: Ecuador, Ethiopia, Panama and Paraguay.

“While many barriers to U.S. exports have been reduced, we continue to face challenges,” said Barshefsky. “Many markets around the world remain closed to U.S. exports and, to the extent our trade deficit is the result of these barriers, particularly on a bilateral basis, they must be reduced.”

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Note: The report was prepared by the Office of the U.S. Trade Representative with contributions from other government agencies, the private sector, and U.S. embassies overseas. It is required annually by the Trade and Tariff Act of 1984, as amended. One copy of the 1997 National Trade Estimate Report is available to news organizations from the USTR Office of Public Affairs. In addition, the report can be located at USTR’s Internet Home Page address, which is: <http://www.ustr.gov/index.html>]